

**CERTIFIED**

Person to Contact: [REDACTED]  
 Telephone Number: [REDACTED]  
 Refer Reply to:  
 Internal Revenue Service

Date: JUL 03 1990

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED], under the nonprofit corporation laws of the State of [REDACTED].

The purpose as shown in your Articles of Incorporation is: "to promote goodwill among the tenants of [REDACTED]; promote quality health care in the community; and to serve as a common voice for concerns of the tenants in matters pertaining to the operation of [REDACTED]."

Membership in your organization is restricted to physicians and dentists who practice medicine and hold occupancy leases in [REDACTED]. You currently have [REDACTED] members.

Your primary activity is to address the concerns of your members concerning the management of the [REDACTED]. For example, you respond to all complaints by your members concerning problems or deficiencies in building maintenance and housekeeping and inform management of these complaints. You develop guidelines for monitoring management's use of the building and grounds. You monitor new leases, capital improvements, common areas, parking, hazards, and operating expenses claimed by management. You propose recommendations for improving [REDACTED].

Attached as Exhibit 1 is some of your concerns about [REDACTED].

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

7-3-90  
*Letter sent*

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Date	6/27/90	6/27/90	6/27/90	6/27/90	6-29-90	7-2-90	

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See Sections 511 to 515, inclusive and the regulations thereunder".

Revenue Ruling 73-411, 1973-2 C. B. 180, stated that a shopping center merchants' association whose membership is restricted to and required of the tenants of a one-owner shopping center and their common lessor, and whose activities are directed to promoting the general business interests of its members, does not qualify as a business league or chamber of commerce under Section 501(c)(6) of the Code. This revenue ruling stated:

In the case of a chamber of commerce or similar organization, the common business interest is usually the general economic welfare of a community. Membership is voluntary and open generally to all business and professional men in the community. It has been accepted that an organization seeking exemption from Federal income tax under Section 501(c)(6) of the Code as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all the commercial enterprises in a given trade community.

Events related to the original enactment of what is now Section 501(c)(6) of the Code also reflect that the organizations referred to at that time as chambers of commerce and similar organizations were voluntary associations of a semi-public nature, also that they were organizations whose membership was representative of the commercial interest of a trade area comprising a broad segment of the general public such as a city, or similar geographical or political area.

[REDACTED]

You do not qualify for exempt status under Section 501(c)(6) because you are similar to the organization described in the above Rev. Rul. 73-411. Because of the restricted nature of your membership, which is limited solely to the tenants of one medical building, you lack the essential element of public representation with respect to your members which is characteristic of organizations commonly accepted as being chambers of commerce or similar organizations. In addition, your activities are characteristic of a tenant's association because they assist the management and operation of a medical building. These activities do not improve business conditions of any community as a whole within the meaning of Section 501(c)(6) of the Code.

We have concluded that you do not qualify for exemption from Federal Income Tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If we do not hear from you within 30 days from the date of this letter this determination will become final.

Please keep this determination letter in your permanent records.

If you agree with this determination please sign and return the enclosed Form 6018.

Very truly yours,

[REDACTED]

District Director

Enclosures:  
Publication 892  
Form 6018